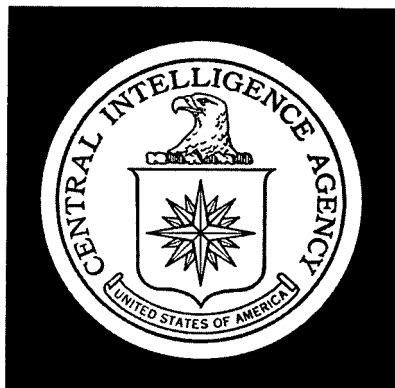


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DIRECTORATE OF  
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# Intelligence Memorandum

BRITAIN AND THE EEC

**Secret**

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16 January 1967  
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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
16 January 1967

INTELLIGENCE MEMORANDUM

Britain and the EEC

Summary

Prime Minister Wilson and Foreign Secretary Brown are embarking on a round of visits over the next six weeks to the Common Market capitals to reopen negotiations on British accession to the EEC. There has been an evolution in opinion in the UK which the government hopes to capitalize on to convince the Six of its determination to participate in Europe's integration. For the EEC, Britain's endeavor means a reopening of such basic issues as the shape of the community and its future role in the organization of Europe, the relative weights within that organization of its principal members, and above all, the future of De Gaulle's plans for a European order in which France would predominate.

US interests are heavily involved in London's efforts to resolve its heretofore ambiguous relation to the Continent. British success would contribute an important new element to European stability and in turn significantly influence the subsequent course of Europe's relations with the US.

The ball is at present decidedly in Wilson's court. The Five will require that Britain unequivocally state its readiness to accept the community treaty and that it minimize requests for

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special consideration. Even should Britain do this, however, the Five would be reluctant to push the UK's bid to the point of a new crisis with France. Nevertheless, they may be unable to avoid such a confrontation if De Gaulle--in the face of British reasonableness--resorts to an openly political veto.

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1. Britain's renewed bid for EEC membership will be in the spotlight during the next six weeks, when Prime Minister Wilson and Foreign Secretary Brown will "take soundings" in the capitals of the six Common Market countries. Minister of State George Thomson recently described these visits as of "the very first importance," since on them "will depend our decision whether or not to activate a negotiation for entry." The decision to try to "join Europe," however, seems in fact to have been made, and a decision not to "activate" negotiations would be a set-back for Britain and its assumption of a key role in the construction of European unity.

2. Put briefly, Britain's attempt to gain EEC membership could change--and if successful, decisively change--the outlook for European integration, De Gaulle's prospects for preserving France's predominant role in Western Europe, and Europe's relationship with the US. These questions were at issue in 1963 when De Gaulle vetoed British accession, and they still are. In fact, the present state of European and Atlantic relationships is fluid enough to make the outcome of Britain's bid more crucial now than in 1963.

3. In the EEC, the resolution of last year's crisis left obvious the deadlock between France and the other five over the community's institutions and its further political development. Despite their pessimism over the likelihood of any early movement towards a political community as such, the Five have shown no willingness to abandon the "supranational" features of the EEC. Nor is it evident that France for its part is any less hostile to these same features and the institutions which incorporate them. Since the "agreement to disagree" was reached in Luxembourg a year ago, the Common Market has made impressive gains toward economic union, notably in working out a common agricultural policy. Nevertheless, the latent conflicts over the community's institutions have remained very evident. They appear in the continuing French effort to denigrate the community executives, in the deadlock over merging the executives of the EEC, Euratom, and the Coal-Steel Community, and in the growing assertion of national over community interests.

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4. For the Five, at least, a community without Britain was never more than an interim step towards a larger union. Given the persisting doubts that Britain was really prepared to join the community, however, as well as De Gaulle's obstruction, the Five have seen the further construction of the six-nation community as their only possible course. In the present situation, however, in which the Five are unable and unwilling to force a showdown with De Gaulle, it seems increasingly clear that only an "outside" event can create momentum towards the kind of community the Five--and indeed many Frenchmen--want. Thus, while Britain's wish to join the Market is convincing evidence of the EEC's economic success, the uncertain state of its political development has made eventual British accession virtually essential to the community's future vitality.

5. The Five's acute awareness of France's continued opposition to British membership explains in part their so far cautious response to London's recent moves. They know that the UK's attempt to join could test the community's survival, at least in its present form. The Five also recognize the danger of Britain's withdrawing its bid in the face of French opposition--leaving the community with its unresolved institutional problems and confirming the predominance of French influence. Thus, while the Five could avoid a fight with De Gaulle by going along with Britain's exclusion or by accepting a "compromise" which would in effect organize a community with Britain along the lines of a loose confederation of states, this would require them to abandon principles long adhered to. Hence, those concerned have stressed that Wilson must prepare the ground well for the eventual confrontation with De Gaulle and leave no doubt of Britain's commitment to the existing community treaty and policies.

6. Moreover, the further development of an effective relationship between Europe and the US presupposes clarification of Britain's present reliance on a "special relationship" to the US while it seeks at the same time to participate in

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an integrated Europe. De Gaulle's claim that Britain as a member of the community would be a spokesman for American interests is a highly debatable proposition. Indeed, without British membership in the community it is doubtful that the European half of a trans-Atlantic partnership would in the long run be viable. In this light, Wilson's recent call for recognition of the potential British contribution to a European "technological community" is more than a mere sop to French emphasis on Europe's meeting the competitive challenge of US technology. It is not only that Britain needs a wider outlet to exploit fully its own technological resources, but that Britain's contribution of its own technological prowess and the larger market resulting from Britain's accession also offer the present EEC members the opportunity to use more effectively their existing resources.

7. The consequences of another British failure to enter the community might have other adverse implications for the further development of an Atlantic relationship. If the Five were thereby led to question the further usefulness of proceeding along the present lines of community development, their commercial self-interests might compel them to look toward such alternatives as a European-wide free-trade area. The US position has in the past been that such arrangements would hurt US trade without offering compensating advantages for European political unity and stability.

8. Wilson has clearly set a course aimed at Common Market membership, although his occasional references to "safeguarding essential British interests" still incline some continental and domestic observers to question London's motives--or at least, the wisdom of its tactics. His announcement on 10 November 1966 of a new approach to the EEC was a victory for the pro-Europeans in the British Government who form the overwhelming majority (one recent US Embassy estimate says 90 percent) and who had been trying for months to get a "declaration of intent" from their political masters.

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9. Wilson's timing may have been based on immediate domestic concerns; e.g., the need to encourage investment in British industry during the current economic squeeze and the desire to divert attention from failures in other areas. Nevertheless, there were undoubtedly longer range considerations. Both public and "informed" opinion in Britain has come to recognize the need for joining the larger European market. There is disillusion with the Commonwealth and with the Anglo-American "special relationship" as vehicles for British influence in the world, and there is a desire to get out of costly military commitments east of Suez.

10. Wilson's discussion in the capitals of the Six should fully illuminate for him what is expected from London in the way of a commitment to the community treaty. It may be that Wilson has so far avoided zealous support of the supranational concept because of a belief that declarations along this line would intensify De Gaulle's opposition to Britain's entry. In any case, whatever the degree of Wilson's present commitment, his answers to the "catechism" being prepared for him by the Six will involve him in support of effective community institutions. At the same time, it is probable that Wilson will initially seek to avoid wide-ranging discussions of political questions beyond the scope of the Rome Treaty. Instead, he will try to find out what Britain can get in the way of transitional arrangements--especially with regard to the application of the EEC's agricultural policy to Britain--and concessions for its trade with New Zealand which the EEC generally accepts is a special case.

11. It is too early to know how much active support Britain can expect from the Five. Much will depend on the manner in which London presents its case, the extent to which it requires "safeguards," and France's tactics. At present the Five are reluctant to get ahead of the British themselves. They also want to avoid debate over "political generalities." In a discussion the Six had in December on the UK question, the Germans took the lead in suggesting an enumeration of technical obstacles to Britain's entry--an approach endorsed by all except the French.

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12. Germany, however, may find it difficult, initially at least, to take the lead in supporting British entry since its new government wants to avoid any head-on clash with Paris. On the other hand, of the Six, Bonn has perhaps the greatest economic stake in an expanded community. Moreover, Bonn may see in Britain an ally to push common policies in the commercial and fiscal fields within the community to counterbalance the rapidly developing common market in agriculture from which France benefits the most. In any case, the Germans--like the other members--must ultimately face the issue as one of prime political importance and decide whether German interests will best be served by a continuation of the present situation in the community or by one in which the British would provide a better balance.

13. Wilson and Brown will visit Rome first. Italy has repeatedly stated its desire for British EEC membership, but its anxiety about another crisis provoked by a clash over UK entry is evident. Foreign Minister Fanfani took pains to tell Brown recently that Vice Premier Nenni was not speaking for the government in declaring that "if the political situation in France remains unchanged," the Five plus the UK and other countries ready to enter the EEC should proceed toward economic and political integration without France. In the first round of talks, Rome will therefore ask the British what they consider their transitional requirements to be. The Italians also hope to get some idea of how the British would handle questions De Gaulle is expected to raise about the UK's "putting its economic house in order," and the readiness of the UK to "turn away from the US so as not to bring American influence with her into Europe."

14. The Benelux countries also await a strong British lead. They may be more aware, however, of the immediate political advantages of overcoming the centrifugal forces afflicting the community. Political conditions in both France and Germany give cause for concern, and the possibility of Franco-German domination have made it seem imperative to the small countries like Belgium to push

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for UK membership. This implicit appeal to Britain's historic role as arbiter of the balance of power in Europe requires now that the present "imbalance" be righted by an unconditional British "plunge" into an effective continental system.

15. France remains openly cool to the British initiative and there is nothing to indicate that De Gaulle's hostility has moderated. The Five therefore are likely to try to get the British to manage their approach in a way that, should De Gaulle again be tempted to veto it, he would be clearly seen to be rejecting at the same time the concept of a democratic and "open" community. Such a political veto would constitute risks for De Gaulle as well as for the Five. The Five would have to face the possibility of trying to construct a new community without France. The French, on the other hand, could not be sure that the Five would not in fact do just that. However, such a strategy presupposes, first, that the British will be able to put their case in such a way as to leave no doubt that the Gaullist conception of European organization is not widely shared, and, second, that De Gaulle will be unable to find excuses for obscuring the basic issues. There is room for considerable doubt on both scores.

16. Paris seems already to be moving on from voicing concern over the practical difficulties, potential costs, and disruptive effects of Britain's early entry, and focussing on the broad political implication. In a press conference on 7 January, Foreign Minister Couve de Murville called the UK's accession a "vast political problem which raises the entire question of what can be, in the political field, the orientation of a Europe whose unity is being sought." It seems probable that De Gaulle will want to preserve before the French elections in March the appearance of relative open-mindedness on the British question. The Gaullists' showing in these elections, however, may be a significant factor in subsequent government tactics on the issue. Whether or not the issue could be important in the elections may depend in part on how clearly it could be defined before hand. There is no evidence yet that London hopes by its maneuvers

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during January and February to force such a clarification before the election.

17. Despite De Gaulle's well known views, not all French officials favor keeping Britain out. Some of them believe British membership is necessary to offset potential German power. De Gaulle, however, seems to envisage UK entry a more immediate threat to France's relative strength within the Common Market especially if the UK supports the legitimacy of community institutions.

18. The most likely and most promising stumbling block the French could raise against Britain's accession is sterling's world role and the responsibilities for maintaining it the Six might have to assume should the UK join the EEC. The issue is a legitimate one since the Rome Treaty contains an article calling for "mutual help" for any member having payments difficulties. The French have continued to hint at the magnitude of this problem. Their attacks on Anglo-American proposals in the related field of international monetary reform cloud the prospect for a compromise. Here, too, the initial answer may have to lie in an imaginative and reasonable proposal acceptable to the British and which the French would find difficult to refute.

19. At the beginning of March, Wilson will report to the European Free Trade Area (EFTA) ministers meeting in Stockholm on the results of his visits to the EEC capitals. The original British move, however, has already revived debate among the UK's EFTA partners--especially the Scandinavians--over their own relationship to the EEC. While they tend to be skeptical that the present bid will have any early result, they are nevertheless actively weighing their chances, the possible domestic difficulties, and the "alternatives." A successful British attempt would almost certainly be followed by Danish, and possibly Norwegian, approaches. The Danes have spoken of "parallel" entry and on occasion have even hinted at a unilateral bid should the UK not move quickly enough.

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Sweden is clearly interested in overcoming the EEC-EFTA split, but because of its neutral status remains equivocal on full membership in the EEC.

20. The difficulties which the EEC is having with meeting the schedule for the Kennedy Round have had no relation to any impending prospect of UK membership in the community. Future British entry has not influenced the size of the concessions which the EEC or the UK has been willing to offer the US. A return of French obstructionism in community deliberations on the Kennedy Round, however, might serve to strengthen German and Benelux resolve, especially, to include Britain in their ranks.

21. In any case, it is evident that the next few months will again be a critical period in Europe's endeavor of the past twenty years to find a way of organizing its affairs which would minimize the chance of a re-emergence of pre-war rivalries and maximize its well-being and its influence in world affairs. In the present situation in which Europe is having increasing difficulty in advancing its further unification and in which its future ties with the US are in a state of considerable uncertainty, the renewed possibility of the UK's taking its place in a European system is one of the few positive prospects. On the other hand, it is also possible that De Gaulle will remain so adamant and the Five will prove so weak, that the new British effort to participate in the European endeavor will end in another fiasco.

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16 January 1967

MEMORANDUM FOR: The Honorable John T. McNaughton  
Assistant Secretary (International Security  
Affairs  
Department of Defense

SUBJECT : Britain and the EEC

British Prime Minister Wilson is, as you know, scheduled to visit all of the EEC capitals in the coming weeks to discuss Britain's desire for accession to the Common Market. The attached Intelligence Memorandum reviews the many facets of this very complex issue. I think you will find it useful.

/s/ R. J. Smith

R. J. SMITH  
Deputy Director for Intelligence

Attachment: a/s  
No. 2209/67

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16 January 1967

Talking Paper for "Britain and the EEC"

1. The memorandum deals with the significance for Europe and the US of Britain's effort to reopen the negotiations on its accession to the Common Market which have been inactive since De Gaulle's abrupt veto in January 1963. It is specifically geared to Wilson's trip to Rome on 13-14 January--the first in a round of visits which will take Wilson to all of the EEC capitals in the next six weeks and which is intended to lead to a formal reapplication for membership.

2. The memorandum concludes that a successful British effort would have a highly beneficial effect on the future development of European unity and stability and would significantly influence for the better the development of a healthier relationship between Europe and the US. It would probably also throw a spanner into De Gaulle's plans for the development of a kind of European union in which France would be the prime beneficiary and the predominant voice. For that very reason, the paper holds, Wilson faces hard going in winning over De Gaulle and must initially direct his efforts toward convincing the other five EEC members of Britain's wholehearted commitment to European unity.

3. Sub-cabinet level dissemination is recommended. As a good discussion of what is a complex but probably one of the key issues in Western Europe at the present time it may deserve some special attention.

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